



Franchise Tax Board

California Child Support Automation System (CCSAS)

Procurement Plan

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Revision History

Revision	Date of Release	Purpose
Version 1.0		Initial Baseline
Version 1.1	05/06/03	Incorporate SDU specific procedures
Version 1.2	11/06/03	Standardize format and update SDU procedures
Version 2.0	03/01/04	New baseline

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1. Introduction

On September 24, 1999, Governor Davis signed three major child support bills into law that restructured California's child support enforcement program and required the state to implement a single statewide automated child support system. The legislation created the new Department of Child Support Services (DCSS) and transferred child support program responsibility from the California Department of Social Services (CDSS) to DCSS, effective January 1, 2000. In addition, this legislation transferred responsibility for the statewide automation development project, now referred to as the California Child Support Automation System (CCSAS) Project, from California's Health and Human Services Agency Data Center to the Franchise Tax Board (FTB).

The Director of the DCSS, Curtis Child, was appointed on January 27, 2000 and the effort to create a new statewide child support program began. As part of his responsibilities, the Director of DCSS functions as the Project Owner of the CCSAS project. The Executive Officer of the FTB, Gerald Goldberg, functions as the Project Agent for the CCSAS Project.

One of the specific requirements of Assembly Bill 150 (later chaptered as W & I Code section 10080 et seq.) is the development of a Project Charter prior to the commencement of procurement. A team of representatives from DCSS, FTB and the California Health and Human Services Agency was formed to develop the Charter. The Charter provides a high-level description of Project Scope, Project Governance and Contract Authority, as well as a discussion of the Project Strategies and Approach. The Charter was completed and approved in July 2000 and updated August 2002, and serves as the foundation for the CCSAS Project procurement.

1.1 Scope

The provisions of this Procurement Plan (Plan) apply only to those procurements that result in the selection of contractors for the single, statewide automated child support system, including the procurement of a Statewide Disbursement Unit (SDU). The Plan covers procurement activities for the Child Support Enforcement (CSE) system development and implementation contract and the State Disbursement Unit services contract through contract award. The Plan does not apply to the activities for the various administrative and project support procurements, which occur throughout the life of the project. The Plan does not address CCSAS Project communication. That subject is addressed in the CCSAS Project Communications Plan, PROJ-00106. The Plan does not address contract administration, which is addressed in the CCSAS Contractual Obligations Management Plan, PROJ-30010. The Plan does not address contract closeout, which is described in the Financial Management and Administration Plan, PROJ-00107. The Plan does not describe detailed procurement procedures, which are addressed in the CSE Procurement Handbook, PROJ-00145, and the SDU Procurement Handbook, PROJ-00280.

1.2 Purpose

The purpose of the Plan is to define the activities, processes and procedures to be utilized for procuring a single statewide automated child support system. This plan addresses two objectives:

- Meet the requirements specified in Welfare and Institutions (W & I) Code section 10083¹.
- Provide the contractor community with consistent and clear information regarding the CCSAS Project procurement approach.

1.3 References

The following items were utilized as references for this Procurement Plan and serve as a foundation for much of the information provided in this document. As such, this material will not be restated in this Procurement Plan and the reader is directed to the appropriate resource.

- CCSAS Project Charter (<http://www.ftb.ca.gov/individuals/ccsas/CCSAS.pdf>)
- CCSAS Architectural Overview (<http://www.ftb.ca.gov/individuals/CCSAS.pdf>)
- Performance Based Procurement – Another Model for California (<http://www.ftb.ca.gov/aboutFTB/pdf>)
- W & I Code section 10080 et seq.
- Report 97116, Bureau of State Audits (<http://www.bsa.ca.gov/bsa/pdfs/97116.pdf>).

1.4 Plan Communication

This plan is placed in the CCSAS Project Library with access to all CCSAS Project staff. Notice is provided to CCSAS Project staff that the Plan is available there. The Plan is also placed in the CCSAS SDU Procurement Library with notice to all Qualified Business Partners that the Plan is available there.

1.5 Review Cycle for Plan

This plan is reviewed from time to time as procurement processes are refined. The Plan is revised as necessary to incorporate new procurement information.

¹ W & I Code section 10083 directs the FTB to develop a procurement plan for this project that employs techniques proven to be successful in Franchise Tax Board's previous technology efforts and incorporates best practices from other government jurisdictions. It also itemizes a number of elements to be included in the procurement plan.

1.6 Plan Organization

The Procurement Plan is organized into six sections.

- Section 1 gives a general document overview.
- Section 2 provides a general description of the single statewide system procurement approach.
- Section 3 describes the two procurement documents, the Solicitation for Conceptual Proposal used for the CSE procurement and the Request for Proposals used for the SDU procurement.
- Section 4 compares and contrasts the procurement procedures for the CSE procurement and the SDU procurement.
- Section 5 describes the initial procurement process steps that are common to both the CSE and the SDU procurements.
- Section 6 describes the procurement processes following release of the solicitation documents.

1.7 Roles and Responsibilities

The roles and responsibilities for the CCSAS Project are described in the CCSAS Project Charter, Rev. August 1, 2002, www.ftb.ca.gov/other/ccsas/CCSAS.PDF.

The roles and responsibilities for individuals involved in the procurement processes are described in the CSE Procurement Handbook, PROJ-00145 and the SDU Procurement Handbook, PROJ-00280.

2. Procurement Approach

Two provisions of W&I Code section 10083 stand out as the key drivers of the CCSAS Project procurement strategy. These provisions require that FTB:

- *“...to the extent feasible, use the same sound project management practices that the Franchise Tax Board has developed in successful tax automation efforts.”*
- *“...consider the events and circumstances that contributed to the failure of the SACSS system...”* There are two major procurements for the CCSAS Project: *The CSE system development and the SDU services contract.*

2.1 Approach for CSE Procurement

The CCSAS Project procurement strategy addresses these key provisions through its procurement processes. To minimize risks and to encourage competition, the CCSAS Project determined to procure the statewide child support automated system in two components.

- The first procurement is the Solicitation for Conceptual Proposals (SCP) for the design, development and implementation of the statewide child support

- enforcement (CSE) system, which include data conversion and system integration; and
- The second procurement is the Request for Proposals (RFP) for services to implement and operate the State Disbursement Unit (SDU).

2.2 The CSE Procurement Strategy

For the Child Support Enforcement System (CSE) contract, CCSAS Project staff utilize a form of alternative procurement model, which employs the Solicitation for Conceptual Proposals as its solicitation document. FTB has utilized this procurement model successfully in previous high-risk, complex projects. This model is appropriate for the CSE contract.

This procurement model provides:

- **Strategic Partnerships** - The process establishes partnerships with Qualified Business Partners who have knowledge and expertise in target business and technology arenas. Improved working relationships with contractors can establish long-term, mutually beneficial business relationships based on trust, honest and open communication, and teamwork.
- **Business-Driven Solutions** - The process focuses on obtaining proven solutions to specific business problems and identifying new and innovative ways of achieving business goals. It is a top-down, iterative process of developing and evaluating ideas with the goal of achieving business solutions that are “best of breed.”
- **Best Value Evaluation** - The process results in solutions that provide best value to the state rather than only the lowest cost. This is achieved through an objective method that critically reviews and competitively scores solutions based upon the: quality of solution; risk of implementing the new technology and work processes; and net benefit produced.
- **Performance Based Payments** - The procurement model provides payment to the Business Partner based on meeting mutually agreed upon and contracted performance measures. The model creates strategic partnerships that result in shared project risks and compensation based upon measured performance and realized value.

The procurement will also address some of the lessons learned in California’s previous child support statewide automation project. Specifically, it addresses concerns regarding project management, investments in planning and requirements, adoption of engineering standards and principles, maximizing the potential for completion, and maximizing and leveraging current technologies. These issues are addressed through the following elements of the CCSAS Project procurement:

- Partners are paid based on meeting mutually agreed upon and contracted performance measures;
- Time is allotted in project schedule(s) to conduct business analyses that expose key problems and opportunities;
- Partner qualification emphasizes past performance with similar contracts;
- Partners may be required to provide with their proposals specific deliverables that demonstrate their ability to successfully execute their proposed solution;
- Time is allotted in the procurement schedule for collaboration and confidential discussions between CCSAS Project staff and Qualified Business Partners.

The Key Action Dates are set forth in detail in the SCP. Below are some high level milestones described in terms of durations rather than actual dates.

2.3 CSE Procurement Timeline

<u>Milestones/Activities</u>	<u>Estimated Durations</u>
Establish Qualified Business Partner Pool	
• Request for Interest (RFI) Release	---
• Receive RFI Responses	Three Weeks
• Invitation to Partner (ITP) Release	---
• Receive ITP Responses	Four Weeks
• ITP Response Evaluation	Six Weeks
• Qualified Partner Pool Established	---
Select Partner and Award Contract	
• Conduct Nonconfidential Discussions	Twelve Weeks
• Release SCP	---
• Conduct Confidential Discussions for SCP Clarification; Qualified Business Partners Complete Draft Proposals	Four Weeks
• Qualified Business Partners Submit Draft Proposals	---
• Review Draft Proposals to SCP and Conduct Confidential Discussions Re: Draft Proposals; Qualified Business Partners Complete Final Proposals	Eight Weeks
• Qualified Business Partners Submit Final Proposals	---
• Evaluate Final Proposals; Select Business Partner	Eight Weeks
• Negotiate Contract	Sixteen Weeks
• Obtain Approvals	Eight Weeks
• Award Contract	---

2.4 Approach for SDU Procurement

The SDU procurement utilizes the secondary Request for Proposals model². The Secondary RFP model is appropriate because the requested services are complex and the quality of expertise and approaches may differ significantly from one bidder to another. The Secondary RFP method allows for the RFP to describe the Statements of Work to be less specifically defined than those in a Primary RFP. The Statements of Work may be defined in terms of business needs and goals or objectives. Like the procurement method selected for the CSE contract, the SDU contract procurement method allows for best value evaluation and performance based payments.

2.5 SDU Procurement Timeline

Milestones/Activities	Estimated Durations
Establish Qualified Business Partner Pool	
• Request for Interest (RFI) Release	---
• Invitation to Partner (ITP) Release	---
• Receive ITP Responses	Three Weeks
• Initial ITP Response Evaluation	Eleven Weeks
• Second ITP Response Evaluation	Nine Weeks
• Qualified Partner Pool Established	---
Select Partner and Award Contract	
• Conduct Nonconfidential Discussions	
• Release RFP	---
• QBPs Submit Conceptual and Detailed Technical Proposals	Seven Weeks
• Review Conceptual and Detailed Technical Proposals and Conduct Confidential Discussions for RFP	Eleven Weeks
• QBPs Submit Draft Proposals	Four Weeks
• Review Draft Proposals	One Week
• QBPs Submit Final Proposals	
• Evaluate Final Proposals; Select Service Provider	Six Weeks
• Obtain Approval	
• Award Contract	Eighteen Weeks

3. Procurement Documents

² The secondary RFP is described in the State Contracting Manual, Rev. March 2003, available from the Department of General Services Office of Legal Services.

The two procurements utilize different solicitation documents. Below is a description of each procurement document and a discussion of the federal and state approval required for each of the documents.

3.1 Solicitation for Conceptual Proposals

The SCP is a formal written document provided to the QBPs asking for proposals. The SCP is developed requesting QBPs to partner with CCSAS Project staff to design, develop, convert, test, implement, and maintain a solution to the existing problem. Qualified Business Partners develop their Draft Proposals from the procurement document and may refine their proposals during confidential discussions with CCSAS Project staff. The SCP describes the business and contractual requirements of the CSE system being procured and establishes the CCSAS Project expectations for how the project is planned, executed, and managed.

The SCP includes the Business Problem Statement, Business Requirements List, contractual requirements, and other information that may include: technical information; required proposal content and format; required project management and system development standards and methodologies; proposal evaluation criteria; expected deliverables; and proposed compensation model.

3.2 Request for Proposals

For the SDU procurement, the RFP is developed requesting Qualified Business Partners to provide child support collection and disbursement services. There is no system being procured. The RFP describes the business and contractual requirements for SDU services being procured. The RFP includes the Business Problem Statement, a description of the banking model required by the State, a description of how and when the SDU is expected to implement its services, statements of work, contractual requirements, proposal content and format instructions and the compensation approach.

3.3 State and Federal Approval of Procurement Documents

Because procurement authority for the two CCSAS contracts is delegated to FTB pursuant to California, Welfare and Institutions Code section 10080 et seq., the Department of General Services (DGS) approves neither the solicitation documents nor the procurement processes described in the Handbooks. Instead, DGS provides consulting services to advise and assist FTB's Procurement Officer.

Federal oversight for the two procurements differ. The CSE is an information technology system development project that is partially funded by federal financial participation. Accordingly, the federal Office of Child Support Enforcement staff

(OCSE) review and approve the SCP content, the evaluation criteria, and the procurement process described in the CSE Handbook. By contrast, the SDU procurement is a services contract not involving information technology system development and/or acquisition. Accordingly, prior federal approval of the RFP and SDU Procurement Handbook is not required.

4. Procurement Procedures

The two procurement processes have similarities and differences. Below is a chart comparing the two processes. Following the chart are descriptions of processes shared by both procurements.

Procurement Steps	
CSE	SDU
Release of SCP	Evaluator and Executive Orientation Release of RFP
Draft Proposal and Confidential Discussion Phase <ul style="list-style-type: none"> evaluator and executive orientation QBP Conference receive ITP evaluators review Draft Proposal and prepare confidential discussion agenda QBPs and evaluators conduct confidential discussions Procurement Officer publishes SCP addendum if necessary 	Compliance Phase <ul style="list-style-type: none"> QBP Conference receive ITP bidders submit Conceptual and/or Detailed Technical Proposals evaluators review of proposals and prepare defect identification documents bidders and evaluators conduct confidential discussions Procurement Officer publishes RFP addendum if necessary
Final Phase <ul style="list-style-type: none"> QBPs submit Final Proposals evaluators evaluate and score Final Proposals and prepare Evaluation and Selection Report Procurement Official approves the Evaluation and Selection Report Executives review Evaluation and Selection Report and authorize sending the Notice of Intent to Enter into Contract Negotiations to selected QBP if appropriate 	Final Phase <ul style="list-style-type: none"> bidders submit Draft Proposal evaluators provide cursory review for defects and prepare defect identification documents bidders and evaluators conduct confidential discussions if necessary bidders submit Final Proposals evaluators evaluate and score Final Proposals and prepare Evaluation and Selection Report Procurement Official approves the Evaluation and Selection Report Executives review Evaluation and Selection Report and authorize the

	Procurement Official to send the Notice of Intent to Award to the highest scoring bidder.
Contract Negotiations	
DCSS Director submits contract and Feasibility Study to federal Office Child Support Services	
Office of Child Support Services approves contract and Feasibility Study.	
FTB submits Feasibility Study Report to the Department of Finance	DCSS Director and FTB Executive Officer submit Feasibility Study Report to Department of Finance
Department of Finance approves Feasibility Report	Department of Finance approves Feasibility Report
Procurement Official sends the Notice of Intent to Award	Procurement Official sends the Notice of Intent to Award
FTB Executive Officer and Business Partner execute contract	FTB Executive Officer, DCSS Director and Service Provider execute the contract

5. Initial Procurement Steps

Both procurements follow the same initial steps, establishing Qualified Business Partner Pools. The two processes diverge at the stage of the release of the solicitation document. The post release processes are described in section 6 below.

5.1 Request for Interest

The Request for Interest (RFI) is an announcement, which provides a high level background of the project and the procurement strategy. The purpose of the RFI is to inform contractors of our intent to establish Qualified Partner Pool for the procurement and to provide information regarding how contractors can notify FTB of their interest. Announcements for each of the procurements are posted in the California State Contracts Register.

5.2 Invitation to Partner

For each procurement, an Invitation to Partner (ITP) is sent to parties that have expressed an interest. The ITP includes the qualification guidelines. CCSAS staff is available to respond to contractors' written requests for clarification of instructions and interpretations of qualification instructions. Once the business partners are qualified, each qualified business partner signs a Quality Partnering Agreement with the FTB.

Potential Business Partners may form teams with other contractors for purposes of qualification. If a Business Partner team is planning to qualify as a Qualified Business Partner team, the team must meet the qualifying criteria as a whole. In such instances, the CCSAS project requires the designation of a lead Qualified Business Partner who also serves as the prime contractor of their response to SCP/RFP is selected.³ The lead Business Partner is accountable for the entire response to the Invitation to Partner. The CCSAS Project staff only communicates with the lead Business Partner of the Qualified Business Partner team. If the composition of the team changes after qualification, the team may be required to re-qualify to continue participation.

5.3 Qualification Guidelines

Partners are qualified based upon pre-defined qualification criteria, such as those described in the following table. The specific criteria for a particular procurement are detailed in that procurement's Invitation to Partner.

POTENTIAL CRITERION	DESCRIPTION
Relevant Experience	Addresses the potential partners' experience that is relevant to this procurement.
Past Performance	Potential partners must show that they have successfully completed development of significant information technology systems.
Partnering Ability	Potential partners must demonstrate their willingness and ability to work cooperatively with their customers on significant projects.
Financial Status	Requires that potential partners show that they have the financial resources to successfully complete a large, performance based contract.

Each ITP respondent is provided ample opportunity to qualify for a Partner Pool. If a qualification deficiency is identified, the Procurement Official or designee contacts the contractor to request additional information. The Procurement Official directs a Qualification Team to evaluate each contractor's response to the ITP.

Results of the qualification process are published on the CCSAS Project website.

5.4 Nonconfidential Discussions

³ The definition of prime contractor pursuant to Public Contract Code section 4113: "Prime contractor" shall mean the contractor who contracts directly with the awarding authority.

The purpose of the nonconfidential discussions that are held within each procurement is to allow for a period of information exchange between the Qualified Partner Pool and CCSAS Project staff to achieve a basic understanding of the business needs, describe performance expectations, develop realistic contractual requirements, and discuss the performance and compensation model. It is during this period the solicitation document and the proposal evaluation criteria are developed.

5.5 Release of Solicitation Documents

Once the solicitation documents are approved, the Procurement Official releases the document to the Qualified Business Partners. In the event changes to the procurement document become necessary, the Procurement Official prepares addenda, obtaining any necessary federal and state control agency approvals, and distributes the addenda to the Qualified Business Partners.

6. Procurement Processes Following Release of the Procurement Documents

Once the procurement document is released, the procurement processes between the two procurements diverge. The procurement process following the release of the CSE SCP through delivery of the Evaluation and Selection Report to executive management is described in the CSE Procurement Handbook, PROJ-00145. The procurement process following the release of the SDU RFP through delivery of the Evaluation and Selection Report to executive management is described in the SDU Procurement Handbook, PROJ-00280-1.0.

6.1 Executive Role Following Delivery of the Evaluation and Selection Report

For both procurements, executive management is charged with the decision regarding whether or not to award the contract. For the CSE procurement, a contract negotiation team with executive management level participation negotiates the contract with the selected bidder. Accordingly, for the CSE procurement DCSS Director and the Executive Officer of the Franchise Tax Board make two post selection decisions: Whether to proceed to contract negotiations and then whether to send the negotiated contract and related funding and project approval documents forward for review and approval. These two steps are discussed in the following two sections.

In the SDU procurement, contract terms are established by the State and published in the RFP. During the Compliance Phase, the QBPs may request contract changes to be considered by the State. If contract changes are approved by the State, these contract changes will be published in an RFP addendum. The Bidders must agree to the published contract terms in its bid. After selection, the DCSS Director and the

FTB Executive Officer determine whether to send the project approval documents forward for review and approval. These post selection steps are described in section 6.1.3 below.

6.1.1 CSE Procurement Post Selection Procedures

The Procurement Official reviews the Evaluation and Selection Report submitted by the Evaluation Team. Once the Procurement Official approves the report, she submits the report to the Director of DCSS and the Executive Officer of FTB.

The Director of DCSS and the Executive Officer of FTB review the Evaluation and Selection Report and, if appropriate, ratify the selection of the Business Partners. The executives then direct the Procurement Official to issue the Letter of Intent to Enter into Contract Negotiations to all QBPs. After publication of the Letter of Intent to Enter into Contract Negotiations, Evaluators debrief QBPs individually on selection rationale in confidential meetings.

Contract negotiations with the selected Business Partner determine terms and conditions including items such as the development and implementation schedule, required deliverables, acceptance criteria for deliverables, performance measures, refinement of the compensation model and the final baseline of the business requirements.

The procedures for CSE contract negotiations are described in the Contract Negotiations Plan, PROJ-50003.

6.1.2 CSE System Contract Approval and Execution

Once a contract has been negotiated for the CSE System procurement, the Director of DCSS submits the contract and the associated CCSAS Project planning documents (e.g. the Feasibility Study, and the Implementation Advance Planning Document) for approval by the Office of Child Support Enforcement for approval. The Franchise Tax Board Executive Officer submits the Feasibility Study Report to the State Department of Finance for approval. Once the federal and State agencies approve the submitted documents, the Procurement Official issues the Letter of Intent to Award. Issuance of this letter triggers the protest period. The protest process is described in detail in each of the procurement handbooks. After the protest period expires, the Executive Officer of the Franchise Tax Board and the Business Partner execute the CSE contract.

6.1.3 SDU Procurement Post Selection Procedures

The Procurement Official reviews the Evaluation and Selection Report submitted by the Evaluation Team. Once the Procurement Official approves the report, the Procurement Official submits the report to the Director of DCSS and the Executive Officer of FTB. The executives validate the Evaluation and Selection Report and determine whether or not to request funding for the SDU project. If they determine to proceed, they direct CCSAS staff to prepare the Feasibility Study Report for DOF review and approval of project funding. Unlike CSE, there are no post selection contract negotiations.

6.1.4 SDU System Contract Approval and Execution

The CCSAS Project Director prepares and delivers to the Department of Finance, the Feasibility Study Report. Upon approval of the Feasibility Report by the Department of Finance, the Procurement Officer issues the Letter of Intent to Award Contract. This Notice triggers the period for protest. At the expiration of the protest period, the Executive Officer for the Franchise Tax Board, the Director for the Department Child Support Services and the selected Service Provider execute the contract.